

MARKET REPORT

RETAIL | Lancaster County, PA | Q1 2023



Lancaster County Providing Ideal Unit Sizes to Meet Demand

HIGHLIGHTS

- Median unit size over past five years is between 1,800-2,000 SF. 43% of available inventory is within this size range.
- High demand, low vacancy, and elevated sale volume provide positive outlook for 2023. Sale volume is up 21% while average sale price is up 48% compared to Q1 2022.
- Responding to inflationary pressure, lease rates continue to climb with the average rate increasing 29% since 2021.

OVERVIEW

Although ticking up in Q1, vacancy remains below 2% (218 basis points below the national average). Contributing to low vacancy is a lack of “big box” space sitting vacant compared to other geographies. Less than 9% of vacant square feet in Lancaster County are units larger than 40,000 SF compared to 43% found in units less than 5,000 SF.

Median unit size for signed leases remains in a tight range over the past five years; 1,800-2,000 square feet. Lancaster County has the right ratio of inventory to meet demand with 43% of available inventory in this size range.

Retail investment in Lancaster County is off to a solid start helped by increased demand, the right mix of inventory, and the highest Q1 sale volume in the past five years. Total sale volume is up 21% while average sale price is up 48% compared to Q1 last year.

Shopping centers are the primary drivers of retail investment sale volume over the past five years comprising 44% of sale volume. Year-to-date, shopping centers comprise 40% of sale volume followed by automotive sales/service at 28.5% and restaurants at 24.11%.

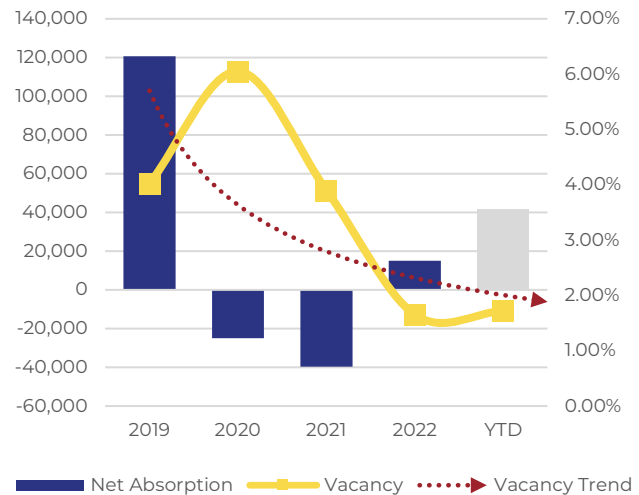
Market uncertainty is weighing on minds of consumers. Local perspectives from the Lancaster Economic Development Company (EDC) report a consumer sentiment score in March 2023 of 66.1. This is near-2008 recessionary levels with inflation and food costs top concerns for residents. However, Lancasterian’s future predictions for the national economy rose by 6.4 points in March.¹

¹ [Lancaster EDC](#)

MARKET INDICATORS

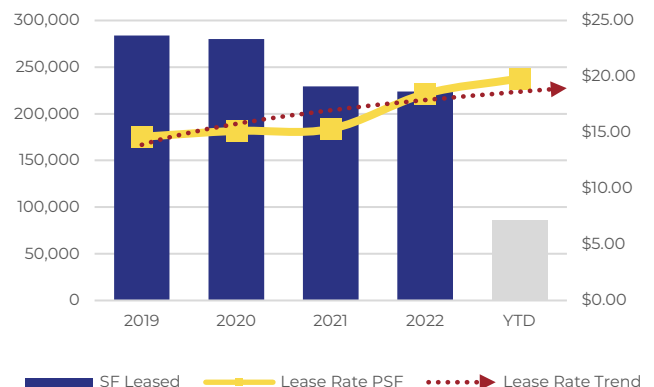
Total Inventory	30.38 MSF	▲
Sales (\$)	\$20.3M	▼
Sales (SF)	172,167 SF	▼
Total Vacancy	1.72% (+7 bps)	▲
Total Leased (SF)	86,487 SF	▲
Avg Rent Change <i>12-month rolling average</i>	+\$1.79	▲

NET ABSORPTION & VACANCY



* Absorption & Vacancy for Class A, B & C

SF LEASED & AVG LEASE RATE



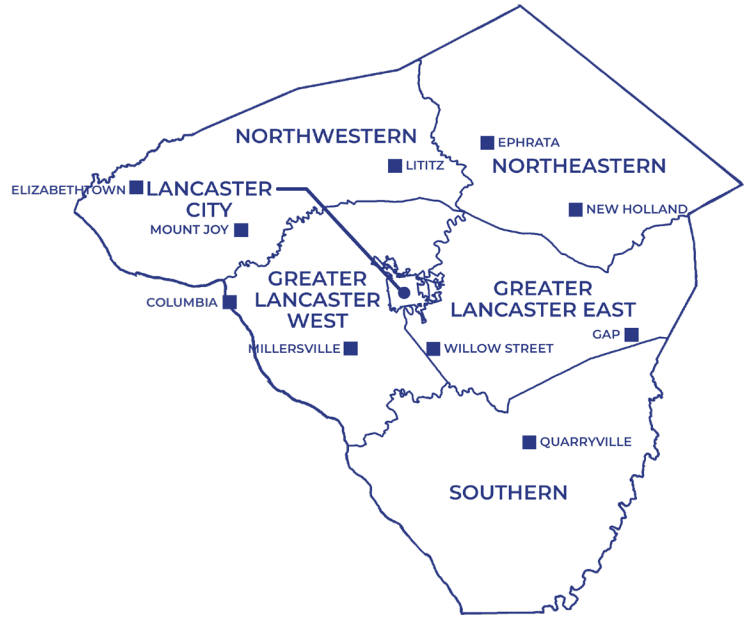
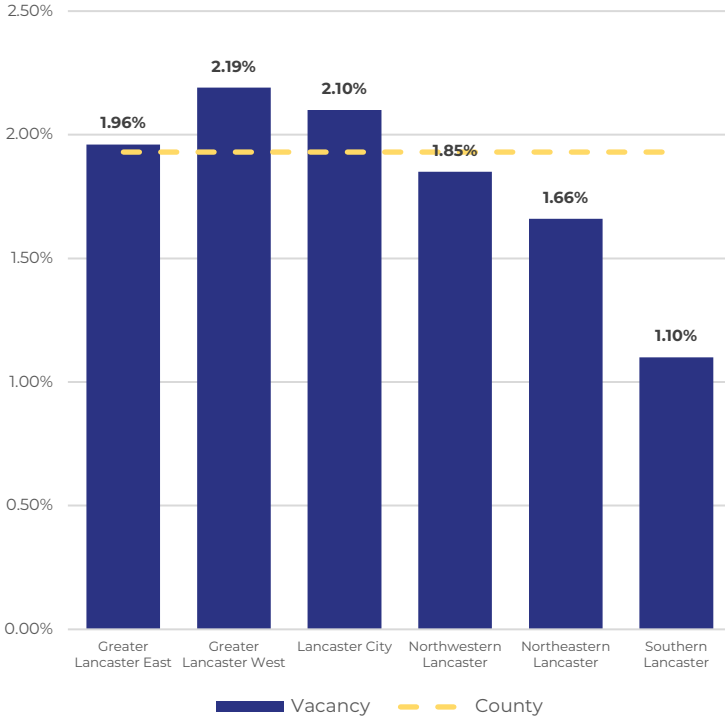
* SF Leased includes Class A, B & C | Lease rate includes Class A & B only

RETAIL

Lancaster County, PA

Q1 2023

VACANCY BY SUBMARKET



Key Lease Transactions Q1 2023

PROPERTY	SF	TENANT	TRANSACTION
1605-1641 S Market Street, Elizabethtown (Market Street Square)	50,642	Ocean State Job Lot	New
1854 Lancaster Pike, Peach Bottom	5,700	Name Withheld	New
1655-1661 Old Philadelphia Pke, Lancaster	2,650	New Direction Psychiatry	New
310-312 Honeysuckle Dr, Marietta (Villas at Castleton)	2,542	Pizza Restaurant	New
2 28 th E Division Hwy, Lititz	750	Semper Pie	New

Key Sale Transactions Q1 2023

PROPERTY	SF	SELLER/BUYER	PRICE
95-130 N Reading Rd, Ephrata	53,368	Cloister Associates LP / S&S Singh Partners	\$6,325,000
189-191 S Ridgeview Rd, Elizabethtown	55,227	Sweigart Partnership / Blessings of Hope	\$3,500,000
4030 Old Harrisburg Pike, Mount Joy	10,000	Jesse L. & Rodney J. Halbleib / Tim Mitchell Associates	\$2,500,000
2055 N Reading Rd, Denver	3,025	Om Shanti Properties, LLC / Denver Donuts Realty, LLC	\$2,250,000
1703 New Holland Pk, Lancaster	7,750	John P. Katras / Paradocs Holding Co.	\$960,000

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